REPORT OF THE TASK FORCE ON DEVELOPMENT ASSISTANCE AND ECONOMIC GROWTH: IMPLICATIONS FOR UNITED STATES PROGRAMS OF ECONOMIC ASSISTANCE AND COOPERATION IN AGRICULTURE AND THE NATURAL RESOURCES

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April 3, 1992

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Washington D.C. 20250

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FORWARD

In the Fall of 1989, the Board For International Food and Agricultural Development (BIFAD), in response to its legislative mandate to advise the President and the Congress, initiated a new effort to re-examine agricultural development assistance in the context of an overall need for change in this nations approach to foreign aid.

To begin the process of building a consensus for a new approach, BIFAD sought financial support and co-sponsors for the appointment of a Task Force to examine the issues. The members of the Task Force were appointed in early 1990 and an Advisory Committee was formed. Dr. G. Edward Schue, Dean of the Humphrey Institute of Public Affairs, University of Minnesota, was selected to head the Task Force. The United States Department of Agriculture (USDA) accepted an invitation to become a co-sponsor of the activity and to act in an advisory capacity.

By its own assessment, its recommendations to the President and the Congress, with few exceptions, diverge significantly from present program priorities of the Agency for International Development. It concludes that (A.I.D.'s) priorities, as currently cast, "are not likely to contribute to higher rates of economic growth in any meaningful sense." (Report pg. 91).

The Final Report, released in February 1992, includes highlights of USDA's International Scientific and Technical Cooperation Programs and Activities. In contrast to its views on A.I.D.'s priorities, the Task Force concludes that, **"Given the U.S. Department of Agriculture's strong capabilities and the current leadership's interest in international cooperation and development, the role of USDA in international cooperation, and in international science and education, be broadened and funded on a more consistent basis; more funds be appropriated and/or redirected for USDA collaboration in the agricultural sciences (Report, pg. 100).**

As the Report advanced through successive drafts, recommendations for improvements were requested at each stage. The recommendations of USDA Agencies where collated and forwarded to the Task Force by the late Dr. James L. Walker, Coordinator of International Science and Technology, Office of the Secretary, and Dr. Donald S. Ferguson of the Office of International Cooperation and Development. In addition, Dr. Ferguson, in association with Dr. Walker, prepared a draft discussion paper to provide members of the Task Force and the advisory panel with additional background information on recent developments in USDA's legeslative authorities and international programs and USDA/A.I.D. consultative mechanisms. This background Paper, edited slightly to reflect the contents of the final Report, is being recirculated for your information.

REPORT OF THE TASK FORCE ON DEVELOPMENT ASSISTANCE AND ECONOMIC GROWTH: IMPLICATIONS FOR UNITED STATES PROGRAMS OF ECONOMIC ASSISTANCE AND COOPERATION IN AGRICULTURE AND THE NATURAL RESOURCES*

By Donald S. Ferguson**

SUMMARY. The "Report of the Task Force on Development Assistance and Economic Growth", originally commissioned by the Board for International Food and Agriculture (BIFAD), makes a compelling case for revitalizing U.S. programs of economic assistance and cooperation with developing countries and emerging democracies.

The Task Force noted that in addition to U.S. humanitarian interests and concerns for the global environment, developing countries experiencing broad based economic growth are the best growth markets for the products of U.S. farms and agribusinesses. Broad based sustainable economic growth, by definition, requires that we improve opportunities for international cooperation and learn to use the world's available resources more efficiently. In addition, in coming decades international collaboration must also include a search for solutions to the world's environmental, health and population problems for they directly affect world food, fiber and forest production systems.

An Executive Summary of the Report includes the recommendation that in official programs of economic assistance and cooperation, the United States should "become a partner looking to establish collaborative relationships which can provide shared benefits." (1) The international programs that are administered by USDA all meet this criterion (See Annex II). To implement this recommendation, the United States Agency for International Development (A.I.D.) would need to establish and honor new interagency mechanisms to prioritize and evaluate existing and proposed programs and adopt, with Congressional blessing, a more transparent and collegial approach to contracting for services.

The Task Force concludes that the U.S. Department of Agriculture has much to contribute to international development and cooperation, and much to gain as well. Further, with the passage of the 1990 Farm Bill, USDA was given an expanded set of global agricultural science, education and development priorities which it must address regardless of the course that A.I.D. charts for its future programs of economic assistance in agriculture and the natural resources (see Section F). In addition, USDA agencies are an important source of technical resources made available to A.I.D.

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to identify, plan, execute and evaluate its agricultural and natural resource programs (Sections D, E, F and Annex II).

As a generalization, A.I.D.'s client countries are those which have the least developed economies and institutions and the most fragile and easily damaged natural resource base. Conversely, those of greatest interest to USDA and its clients are the more economically advanced countries with relatively more developed agricultural sector institutions. It is where USDA's global interests and responsibilities coincide with those of A.I.D.'s client countries that opportunities for collaboration between USDA and A.I.D. are the greatest.

Prior to enactment of the Foreign Assistance Act of 1961, the administration and implementation of U.S. programs of economic and technical cooperation related to agriculture and the natural resources were USDA's responsibility. Overall coordination of international programs was the responsibility of the Department of State. With the formation of A.I.D., all international programs and projects, for which the intended beneficiaries were considered to be foreign nationals, were transferred from USDA to the new agency along with a large number of support staff at all levels. These actions by the Congress and the Administration were originally intended to assure coordination of all categories of development assistance programs -- not to divorce international programs from the corresponding domestic program agencies. For example, other international programs that were considered by the Congress and the Administration to be extensions of USDA's domestic responsibilities and/or that offered identifiable opportunities for "mutual interest and benefit" to the two countries were retained by USDA agencies (see Annex I).

Looking to the future, there are at least four alternative, but non-exclusive, sets of funding and administrative options which could be employed by the United States to identify and carry out "international collaborative relationships" in agriculture and natural resource programs.

A. **The first option** would be for USDA to agree to request a "significant increase" in appropriation levels for specified components of U.S. international agriculture cooperation and natural resource management programs. In brief, these funds would be used exclusively for collaborative global science education and development activities which can be shown to be of interest and benefit to U.S. agriculture and which contribute directly to sustainable world social and economic growth and trade expansion. The USDA has the necessary authorities contained in the 1990 Farm Bill legislation, the qualified professional staff, and the approaches to cooperative program administration which are familiar to the most likely collaborating countries, U.S. land grant colleges and universities and to U.S. private sector firms.

B. **The second option** differs from the first in that core funding for collaborative programs would be appropriated as part of foreign assistance budget categories. However, some portion of the funds would be transferred to USDA when those individual programs could be more effectively implemented under USDA authorities using USDA administrative and contracting procedures.

C. **The third option** would be for A.I.D. to retain leadership for development project assistance for the institutionally least developed, low income countries while agreeing that USDA should assume a leadership role for selected agricultural research and development and natural resource conservation and management programs where such programs primarily involve collaboration with the more institutionally advanced, low income countries, the middle income "aid graduate countries," and the emerging democracies of Eastern Europe and the Western Hemisphere. This option would be roughly analogous to the recent structural changes made in administrative responsibilities for the implementation of PL 480 by the Congress (see Annex III).

D. **A fourth cross cutting option** would be for USDA and A.I.D. to work together to expand the number of collaborative programs in countries where either U.S.- or host-country-owned local currencies are potentially available to finance a substantial share of joint U.S./host country program costs. One potential source of foreign currencies would be sales under PL 480, The Agricultural Trade Development and Assistance Act of 1954 and various debt for development initiatives. Recent amendments to Public PL 480 that make this a possibility are outlined in Annex III.

A. THE TASK FORCE ON DEVELOPMENT ASSISTANCE AND ECONOMIC GROWTH

Background.

In the Fall of 1989, the Board For International Food and Agricultural Development (BIFAD) and the university community expressed concern that U.S. programs of development assistance, and those of other bilateral donors and the multilateral agencies, were conspicuously turning away from past programs of grant and loan assistance to developing countries to help them; a) revitalize their agricultural institutions, b) build and expand rural infrastructure, c) increase food and agricultural production and, d) better manage their natural resources.

Since the policies and priorities advanced by the United States Agency For International Development (A.I.D.) are often subsequently taken up by numerous other bilateral and multilateral agencies, the erosion of United States leadership and financial support for these programs was seen by many as having serious consequences for international programs designed to alleviate

hunger and poverty and reverse negative trends in natural resource productivity.

BIFAD'S concerns, shared widely in the university and international development community, were driven by the need to revitalize United States programs of economic assistance and cooperation if they were to continue to play an effective role in serving United States foreign policy objectives while contributing to trade development, economic growth and the growth of democratic institutions in developing countries. A U.S. strategy, which explicitly builds upon collaboration with developing countries and the joint discovery of activities of mutual interest and benefit, was seen as attracting a greater element of cost sharing and more enthusiastic support by the Congress, the American people and the cooperating countries themselves.

To begin the process of building a consensus for a new strategy, BIFAD sought financial support and co-sponsors for the appointment of a Task Force to examine the issues. The members of the Task Force were appointed in early 1990 and an Advisory Committee was formed which was drawn from representatives of the co-sponsors and others whose perspectives were deemed important to the accuracy and completeness of the final report. As the final report was to be forward looking, it became known provisionally as, "The Report of The Agriculture 2000 Task Force" and it its final form, "International Cooperation for Sustainable Economic Growth: the U.S. Interest and Proposals for Revitalization."

The United States Department of Agriculture (USDA) accepted an invitation to become a co-sponsor of the activity and the administrative heads of USDA agencies most concerned with the administration of USDA programs of international research and economic cooperation agreed to serve on the advisory panel. The members of the Task Force and the Advisory panel and their affiliation are shown in Annex IV.

Since initiating the study, BIFAD has been restructured by A.I.D. as the Board for International Food and Agricultural Development and Economic Cooperation (BIFADEC) to reflect the broader disciplinary interests of the U.S. university community and the original charge broadened somewhat to reflect this change.

Charge to the Task Force.

The charge to the Task Force was to re-examine the changing needs and conditions for agricultural development globally and to identify the key elements of a strategy to more effectively bring about sustainable agricultural development in the future.

Some of the issues the Task Force was asked to address were:

1. the key elements of a United States strategy to help developing countries achieve sustainable food and agricultural development;

2. the potential contribution that U.S. public and private sector research and education institutions might make to international and multilateral agricultural assistance programs;

3. the U.S. agricultural interests in development assistance and technical cooperation;

4. the state of world hunger, the global food situation, and the prospects for feeding the world in the year 2000 and beyond and the implications of this analysis for the structure and focus of international programs;

5. the status of recent developments in new production technology for agriculture and the implications of that status for sustained future increases in agricultural productivity;

6. changing needs of developing countries and how these needs differ by region and stage of development.

7. the institutional requirements for administering a cost effective program of U.S economic assistance with special attention to modes of implementation and the needs for technical skills.

8. a framework, with supporting rationale, for future United States programs of economic assistance and cooperation which would garner the necessary political support both domestically and internationally.

The agricultural production, marketing and service systems needing improvement and better management, while not specifically articulated in either the charge or the final report, include:

1. crop and animal production and protection systems;

2. wood/fuel/tree production and protection systems;

3. aquaculture systems;

4. soil and water conservation and management systems;

5. biological diversity;

6. Systems for supplying inputs and services to agriculture and for the processing and marketing of the products of agricultural systems; and,

7. public and private sector institutions which support and sustain agricultural and rural development.

B. FRAMEWORK FOR FUTURE PROGRAMS OF ECONOMIC ASSISTANCE AND COOPERATION FOR DEVELOPMENT.

Although one task was to propose a framework for future "U.S. programs of economic assistance and cooperation," the Task Force recognized that the United States has become one among many donors and must increasingly act in concert with other industrialized countries, the multilateral agencies and international organizations. This fact provides a valid justification to redirect a significant share of U.S. aid to items that provide opportunities for mutual benefits and for which the United States enjoyed a comparative advantage over others in their supply to cooperating countries.

Keys to the process of economic expansion and trade enhancement in all countries and regions are; a) scientific discovery, b) the development and testing of improved technologies of production and marketing and, c) the rapid adoption of new production and marketing systems by tens of millions of farm families, rural residents and agribusinesses worldwide. These are proven areas of U.S. excellence and comparative advantage recognized by developing countries, emerging democracies and international donors alike.

Since the United State's appropriations for development assistance programs as a percentage of global assistance levels are projected to continue to decline, opportunities for new and innovative forms of collaboration must be identified.

United States collaboration could take the form of:

1. formal arrangements among donors to share the cost or joint undertakings such as the continued funding for the International Agricultural Research Centers;

2. formal or informal agreement to focus U.S. assistance on those aspects of global cooperation where U.S. Universities and other U.S. private and public institutions enjoy a "comparative advantage" adding to the cost-effectiveness of global economic cooperation for development;

3. enhanced cooperation between the technical and operational departments and agencies of the United States Government and A.I.D.; and,

4. actions to encourage U.S. private sector businesses to expand joint investment activities in developing countries and emerging democracies.

C. SIGNIFICANCE OF THE REPORT TO U.S. AGRICULTURE.

The Report of the Task Force documents the continuing shrinkage of the number of projects historically funded from A.I.D.'s functional account for "food and nutrition." This account had been the source of funding for the majority of food, nutrition and rural development projects which have employed USDA and University resources. This trend, if continued, could undermine the efforts of the low income developing countries to achieve agricultural sector self reliance and undermine global cooperation to discover and put in place sustainable agricultural production, marketing and natural resource management systems which are needed to feed, cloth and house future generations.

A.I.D.'s current project management system currently gives little weight to the identification of programs and projects which, if funded, would offer a substantial degree of "mutual interest and benefit" to participating U.S. institutions. The present A.I.D. policy mandate is to identify and to fund a wide variety of projects which contribute to the economic and political development of over 70 individual low income countries. Once each country's bilateral program level is established by A.I.D./Washington, the choice of projects to be funded is made primarily on the basis of each individual USAID mission's assessments of that country's bilateral assistance needs. While A.I.D.'s global bilateral assistance outlays may include a significant number of "food and nutrition projects," their cumulative funding level has declined sharply (Report, Chapter 4).

The Report also argues for giving greater priority to projects which facilitate linkage relationships between American Title XII schools, colleges and universities and their counterpart institutions in developing countries and emerging democracies. Numerous evaluations of "institution building projects" completed over a decade ago continue to point to their seminal value in the economic and political growth of the recipient countries. These same studies indicate that these young institutions need assistance to update their research, teaching and outreach programs and to maintain linkages with international sources of new technology and information.

In the decade of the 1990's, the leading U.S. schools, colleges and universities of agriculture and forestry -- the source of present and future leadership in American and world agricultural systems -- are in the process of "internationalizing" their research, instruction and extension programs. The leadership of United States land grant colleges and universities and USDA agencies recognizes

the value of having university faculty and agency staff gain international exposure through participation in A.I.D.-financed agricultural assistance projects. This exposure has contributed to making the participating individuals more effective as instructors, researchers and extension specialists. However the "graying of academic and research faculty" on university campuses is of significant concern to USDA's science and education agencies. Nothing in A.I.D.'s current strategic program plans or in it's hiring and promotion policies for interns and young professionals indicates that a reversal of this trend is likely to occur.

What is equally evident is that the projected levels of future global A.I.D. project funding to most countries will be inadequate to justify the initiation or reestablishment of more than a few, if any of the staff intensive and relatively costly "University Institution Building Projects." Such projects were a major part of the A.I.D. assistance portfolio in the 1960-75 period. In short, we need additional, cost effective vehicles to help low income countries increase the numbers of professionally trained persons and to improve the effectiveness of their national research, teaching and extension outreach programs.

A growing concern to the Congress and the Administration is the very large number of budgetary and management units, project models and complex contracting modes A.I.D. uses to acquire technical assistance. Their number and lack of uniform procedures adds appreciably to the administrative costs of U.S. assistance programs and makes the evaluation of progress and their global impact difficult.

A policy-level decision by A.I.D. to focus its development assistance activities on a smaller number of priority programs, projects and contracting models would greatly facilitate and make more cost effective:

1. A.I.D. Washington's technical and administrative support to USAID Missions and cooperating country agencies and institutions;

2. joint management and linkage arrangements between "relatively small" technical assistance projects in neighboring low income countries or between countries within common resource zones;

3. linkage arrangements between USDA's collaborative global science, education and development programs with the more institutionally advanced countries and those of the A.I.D. assisted low income countries; and,

4. program development and evaluation.

It should be noted that the majority of the economically stronger and more populous developing countries have been able to put in place public and private sector institutions of substantial merit often with the assistance of the United States and other donors. These more institutionally advanced low income countries, as well as the middle income countries which still receive U.S. development assistance, would be expected to strongly endorse a shift in A.I.D. policy to favor placing greater emphasis on the joint collaborative discovery of development activities of mutual interest and benefit to both the United States and the cooperating country.

To be fully successful, many of the developing countries and emerging democracies would initially require help to partially or fully finance their participation in joint arrangements and linkage programs. Such priority bilateral and regional programs would also be expected to meet objective criteria of cost effectiveness to all participating partners.

To summarize, host country requests for technical assistance are shifting away from long term assignments toward short term assistance activities requiring highly qualified subject matter specialists with the ability to work in a collaborative manner with counterparts in cooperating country public agencies, private institutions and business firms. This situation is true of the majority of countries still receiving development assistance from the United States through A.I.D. and other institutions such as the World Bank.

The project models meeting this need would be:

1. "projects" with the flexibility to access qualified individuals from a variety of sources in technical and management specialties related to a common theme; and,

2. short term exchanges or temporary assignments of technical specialists and senior management level persons drawn from government agencies, educational and research institutions and business firms and agricultural cooperatives in the collaborating countries.

Qualified individuals with the requisite skills and program management experience for this type of program are available in significant numbers on the faculty and staff of universities, among state and federal government agencies and among retired persons from the public and private sectors.

However, this type of program alone will not meet the need of the United States to provide additional young professionals with resident experience in developing countries. U.S. private firms, universities and government agencies all need an expanding number of such persons to provide leadership in future U.S. domestic and international trade and development programs. To meet this growing

demand, the United States should substantially increase funding for professional intern programs designed to provide young professionals with experience working in and for developing country institutions and businesses and in the international organizations. Such young intern programs are generously supported by the development agencies of leading European countries.

This does not imply that future U.S. programs of development assistance for the very low income developing countries should not contain components intended to strengthen the research, teaching and extension/outreach functions of their public and private sector agencies and institutions. Rather, the participating host country institutions, regardless of their present capacity, should be treated as partners capable of contributing substantively in cooperative global science, education and economic development programs. Additional information on agriculture as a historical component of United States foreign assistance programs is provided in Annex I.

D. A.I.D. SUPPORT FOR INTERNATIONAL AGRICULTURAL RESEARCH.

Since 1961, appropriations to implement the Foreign Assistance Act (FAA) administered by A.I.D. have been the principal source of funding for U.S. programs of international agricultural research, education and technical assistance.

A.I.D.-funded international agricultural research projects fall in two broad categories: a) those that are centrally funded by A.I.D.'s Science and Technology Bureau (S&T) and have a regional or international focus and, b) a set of bilateral projects designed to provide assistance to individual countries or groups of countries in the implementation of national (or regional) agricultural research programs. The bilateral agricultural research and extension/outreach projects are for the most part identified, planned and administered independently from those of the S&T Bureau. The A.I.D. regional bureaus for Africa, Asia, the Middle East, and Latin America and the Caribbean also manage a variety of projects and evaluation activities which provide overall support for USAID mission project implementation and evaluation activities.

In the S&T Bureau portfolio of research projects are a number of very innovative basic and applied research programs including:

a) the United States contribution to the Consultative Group for International Agricultural Research (CGIAR), which is the source of U.S. core budget funding for the research and outreach programs of the International Agricultural Research Centers (IARCs);

b) funding for "Special Constraints" research on bottlenecks affecting the core research programs of the IARCs;

c) The Collaborative Research Support Projects (CRSPs);

d) the Nitrogen Fixation in Tropical Agricultural Legumes (NIFTAL) project;

e) the Bench Mark Soils for Agro-technology Transfer project; and,

f) the Utilization of Tissue Culture to Increase Food Crop Production Project.

A.I.D. evaluations indicate these innovative and "high risk" programs have proven their worth in terms of their positive contribution to agricultural development overseas and to the advancement of U.S. domestic agricultural science. However, with the possible exception of the CRSP programs, benefits to U.S. domestic agriculture are not currently an explicit criterion in A.I.D. allocation decisions. As A.I.D. funding for all forms of development assistance, including international research, is shrinking, there is no assurance that any of the innovative and most effective international research activities will continue to be adequately funded in the future.

In summary, A.I.D. financed international research is currently planned and administered in isolation from that of U.S. domestic agricultural and natural resources research agencies. There is convincing evidence that U.S. domestic agricultural research priorities do benefit from A.I.D. funded international research programs. Most persons familiar with both A.I.D. international research programs and the United States domestic agricultural research system believe that the A.I.D. funded international research programs could be made more cost effective to both the United States and the collaborating countries if the A.I.D. programs were more consistently linked to USDA research management systems and subject to that system's technical oversight and procedural guidelines.

E. A.I.D. and USDA COOPERATION IN TECHNICAL ASSISTANCE IN AGRICULTURE AND THE NATURAL RESOURCES.

USDA agencies provide a substantial resource which the Department has been and remains willing to make available in support of U.S. programs of international economic assistance and cooperation. In the past decade, some 15 USDA agencies have responded to requests for technical services from A.I.D. and from other sources. These services are normally fully reimbursed by the requesting agency. A brief review of USDA's historical role in development assistance in cooperation with A.I.D. is included in Annex I.

In addition, USDA professional staff on short and longer term reimbursable details to A.I.D. Washington bureaus have helped to

supplement the shrinking professional resources employed directly by A.I.D. to plan and administer technical assistance and research activities in agriculture and rural development. As A.I.D. funding for "food and nutrition projects" has declined, requests for USDA participating agency services have declined as have requests for University services.

USDA agencies also administer a variety of international programs authorized in the Farm Bill legislation. While USDA's international activities do not fall in the category of development assistance, they do constitute a small but critical component of United States programs of cooperation for development which are receiving growing support in Congress and from the general public (see Annex II).

However, while support for USDA administered programs of international collaboration in agriculture is growing, USDA international programs are likely to remain "modestly funded" in relation to those potentially financed from; a) future FAA appropriations and, b) debt for development provisions of the legislation. For this reason USDA and A.I.D. have initiated a process to identify areas of mutual concern and to discover appropriate ways to strengthen U.S. international programs of agricultural cooperation for development. This new endeavor is described briefly in the following section.

F. RECENT USDA DEVELOPMENTS.

Legislation governing USDA international programs, prior to the passage of the 1990 Farm Bill, contained the necessary authorities for the Department to carry out a wide range of international activities. While of substantial importance to the interests of USDA clients in their own right, the level of appropriations for USDA international programs has been modest in comparison to that historically received by A.I.D under Foreign Assistance Act appropriations.

When administrative responsibility for programs involving technical assistance to low income countries was transferred to A.I.D. following the enactment of the Foreign Assistance Act in 1961, some authorities for the implementation of programs of international cooperation in agriculture were retained in the Agricultural legislation contained in the Farm Bill. The retention of these special authorities was justified on the basis that they are logical extensions of USDA domestic missions and therefore could be administered more effectively and at less cost if they remained linked to related domestic programs. In practice, the majority but not all of USDA's international programs have involved collaboration between the USDA and the more institutionally advanced and A.I.D. graduate countries.

Early in 1990, the Secretary of Agriculture made a strong policy statement on the need for the USDA to become more active in global science, education and development as part of a U.S. strategy to promote economic growth, trade expansion and stability world wide.

In December 1990, Section 1613 of the "Food, Conservation, and Trade Act of 1990" (the 1990 Farm Bill) amended section 1458 of the "International Agriculture Research and Extension, and Teaching Act of 1977." By this amendment, the Congress further broadened the Department's existing authorities to enter into collaborative arrangements with sister departments and agencies around the world including by inference, those of developing countries and the emerging democracies currently receiving economic support and development assistance from A.I.D. The amended Section 1458, required the Secretary to carry out such USDA policy "in consultation with the Agency for International Development." Parallel changes in Public Law 480, "The Agricultural Trade Development and Assistance Act of 1954 as amended" are described briefly in Annex III.

Section 1458 and other amendments enacted by the 102nd Congress also broadened the Department's global responsibilities related to international agricultural research, technical cooperation, animal and plant health, international forestry and global warming. However, the appropriation actions of the Congress, with minor exceptions, did not provide any additional funds for such programs.

In anticipation of being assigned this global responsibility, USDA, the Secretary of Agriculture, approached A.I.D.'s Acting Administrator in mid-1990, on the need to establish a consultative mechanism and to begin the process of identifying common interests and priorities which would benefit through a commitment of resources from both USDA agencies and A.I.D.

The Secretary and A.I.D.'s Acting Administrator agreed to form a Joint Steering Committee (JSC) co-chaired by the USDA's Assistant Secretary for Science and Education and A.I.D.'s Assistant Administrator for Science and Technology. The initial five areas of mutual interest identified were:

1. soil and water management;

2. plant genetic resources;

3. animal and plant disease and pest management;

4. high value cash crops; and,

5. agricultural information bases.

Working groups of scientists have identified priority activities for early action in each area. The groups also recommended an increased level of USDA networking with the International Agricultural Research Centers (IARCs) and highlighted the need to access global information and technologies in cooperation with developing countries and emerging democracies.

The USDA's "Joint Council on Food and Agriculture," comprised of senior USDA and university executives with private sector and user representation, advises the Secretary of Agriculture on matters related to USDA administered programs of support for research, education and extension. The Joint Council plays a central role in the prioritization of technical requests which may later be included in the Departments submission to Congress for the authorization and funding of U.S. science and education programs. The Chairman of BIFADEC is an invited participant in all Joint Council meetings. The Joint Council is in the process of organizing a "National Committee on International Science and Education (NCISE)" to report to the Joint Council on priorities and strategies to enhance USDA/S&E's global activities that benefit the U.S. public and private agricultural sectors.

In 1991, USDA's Assistant Secretary for Science and Education, in cooperation with the National Association of State Colleges and Land Grant Universities (NASULGC), and its International Council on Organization and Policy (ICOP), agreed to establish a new international committee with members drawn from U.S. land grant colleges and universities and other USDA science and education interests. This Committee, known as the "Joint USDA/NASULGC Planning Committee for the International Agricultural Program Initiative (JPC)," focuses upon the identification of global agricultural science and education priorities and program support requirements needed to fully implement USDA/S&E and NASULGC institutions' global science and education mandates. The JPC has not been asked to focus, at present, on the potential to improve collaboration with A.I.D. financed international science and education activities <u>per se</u>.

G. CONGRESSIONAL OVERSIGHT OF FOREIGN ASSISTANCE PROGRAMS.

Congressional oversight of foreign assistance programs is by the Foreign Affairs committees of the House and the Foreign Relations Committee of the Senate. The principal interests of Foreign affairs/relations committees, (and their clients) are broadly; a) foreign operations of the United States Government, and b) hunger/poverty issues. Amendments made to the Foreign Assistance Act (FAA) over the past 30 years have tended to push aid allocations either to; a) security objectives [Economic Support Fund (ESF) and military aid] or, b) short term strategies to alleviate hunger and poverty in the least developed countries.

National policy decisions related to the form, substance and direction of United States international programs of foreign assistance and economic and technical cooperation have always had at least five primary objectives:

1. humanitarian aid -- emergency and humanitarian assistance to help disadvantaged populations in need of immediate help;

2. economic and technical assistance -- to assist in the economic and social development of friendly non-industrialized low income developing countries (and the just added emerging democracies);

3. economic and technical cooperation between the United States and foreign countries; and,

4. security assistance and programs to suppress trade in narcotics.

5. programs to develop markets for the products of U.S. farms, industries and services.

Over time, the administrative boundaries between the separate categories of international programs have become increasingly blurred as the world became linked thorough communication, trade and financial markets. For this reason the Ag 2000 Task Force chose to comment on selected USDA international programs and to include a recommendation that these be strengthened (Report, pg. 100).

The Task Force noted that the global interests of; a) U.S. agriculture and the land grant universities, b) private sector entities concerned with market development, and c) the larger science and technology community concerned with global warming and the environment, have not been priority concerns of the Congressional committees primarily responsible for A.I.D. legislation.

In the past two decades, as additional A.I.D. client countries began to experience serious balance of payment and foreign debt difficulties, Congressional appropriations for Economic Support Funds (ESF) increased at the expense of projectized Development Assistance. Concurrently, international bank lending shifted to "structural adjustment loans" and away from food and nutrition project lending. The Task Force notes that the rapid disbursement funds requires less intensive staff management to design and execute. The Task Force found that "Structural adjustment loans and grants" are counterproductive as they, in effect, enable governments to; a) delay budgetary, monetary and tax reforms, and b) maintain past levels of imports while continuing to meet loan repayment obligations to the United States and other international lenders.

In summary, there are a numerous reasons why A.I.D. funding for food and nutrition projects in both real and absolute terms continues to decline. Among the reasons are changing Congressional and Administration priorities for the use of limited foreign assistance appropriations.

The U.S. agricultural community, comprised of the USDA, the land grant colleges and universities, American farms and agribusinesses, have been unable to make a convincing case to the Foreign Operations Committees of the Congress or to the American people that such funding should receive priority over a) other types of A.I.D. bilateral assistance projects, b) direct cash transfers to a set of strategic countries or, c) U.S. financial contributions to the international (multilateral) agencies.

Conversely, because A.I.D. priorities have not featured programs selected to provide a significant degree of mutual interest and benefit to U.S. farms, agribusinesses and consumers, major elements of the Congress and the U.S. public have become "luke warm" in their support of foreign assistance programs as a whole. It is of considerable significance that existent proposals for restructuring the foreign assistance legislation currently before the Congress would require the administering agency(s) to give greater priority to building mutual interest and benefits into the identification and implementation of future programs of international economic assistance and cooperation.

H. EMERGING AREAS OF CONGRESSIONAL INTEREST RELATED TO AGRICULTURE, NATURAL RESOURCES AND THE ENVIRONMENT.

Although A.I.D. Development Assistance appropriations for technical assistance in agriculture and natural resource conservation and management are shrinking, there is a growing awareness in the Congress and in the U.S. agricultural community of the important role past U.S. programs of economic and technical cooperation have played and could continue to play can in; a) assuring global food security in the coming decades and b) in maintaining the competitive posture of U.S. farms and industries in rapidly changing global markets.

USDA international programs in agriculture, natural resources and the environment most likely to receive favorable Congressional and Administration support are those which meet one or more of the following goals and objectives:

1. initiatives to promote markets for agricultural commodities and products and which enhance trade in agricultural products between nations;

2. initiatives which enhance the competitiveness of U.S. agriculture through programs of international research, technical and biological exchange, and professional and general education;

3. initiatives to protect the world's environment through support for programs of research and development related to international forestry, global warming and resource assessment and protection; and,

4. initiatives which promote broad based sustainable economic development in developing countries and emerging democracies.

ANNEX I. AGRICULTURE AS A HISTORICAL COMPONENT OF UNITED STATES FOREIGN ASSISTANCE PROGRAMS

A.I.D. was established in 1961 as a "temporary agency" of the United States Government to administer programs of economic assistance to developing countries. Over time, the profile of countries receiving U.S. assistance has changed substantially. A significant number of former recipients have achieved "graduate status" such as Korea, Brazil and Columbia. Additional "near middle income countries" such as Thailand, Costa Rica, Indonesia, and Morocco are likely to be assigned "graduate status" in the near future. Replacing the graduate countries as aid recipients were a large number of newly independent low income countries in Africa and Asia, many of which have experienced slow or negative per capita growth rates in food production and family income in recent years.

Prior to enactment of the Foreign Assistance Act, the administration and implementation of U.S. programs of economic and technical cooperation related to agriculture and the natural resources were USDA's responsibility. Overall coordination of international programs was the responsibility of the Department of State. With the formation of A.I.D., all international programs and projects for which the intended beneficiaries were foreign nationals were transferred to A.I.D. along with a large number of support staff at all levels. These actions by the Congress and the Administration were originally intended to assure coordination of all categories of development assistance programs -- not to divorce international programs from the corresponding domestic program agencies.

To assure that A.I.D. could continue to access USDA's resources after the split, the Secretary of Agriculture helped to work out the mechanisms of the Resources Services Support Agreement (RSSA) and the Participating Agency Support Agreement (PASA). However, no mechanism was worked out or mandated by the Congress or the President to require A.I.D. to consult with USDA on the selection

or evaluation of international agricultural and natural resource programs and projects.

With the break in the linkages between most international agricultural programs and the corresponding USDA operational agencies and as the number of professional agricultural staff transferred from USDA to A.I.D. declined through attrition, their slots were most often filled with new managers unfamiliar with the structure and functions of U.S. agricultural institutions in a democratic free market economy.

With the notable exception of the United States, most other bilateral donors have maintained formal linkages between their foreign assistance activities and their domestic program agencies to whom the aid agencies turn for technical "back-stopping" and assistance in the prioritization of international activities. Other donors and the international banks rely in part on FAO for this type of support. While the technical complexity of foreign assistance requests received from developing countries is increasing, A.I.D., with rapidly shrinking numbers of technically qualified staff, is less able than in the past to effectively support its topically and geographically diverse agricultural and natural resource project portfolio. As a consequence, A.I.D. has been forced to cut back on the level of food and nutrition project assistance and to increase the level of non-project "grant assistance."

As early as 1975, when Congress added "the Famine Prevention and Freedom From Hunger [Title XII] amendment to the FAA, the problem of declining A.I.D. support for the development of public and private sector institutions was widely recognized. To help refocus the programs, USDA was provisionally offered the leadership in the implementation of Title XII programs. However, then Secretary of Agriculture Earl Butz, noting the increasing political content of A.I.D.'s total program in the mid 1970's, thought it unwise for the Department to be that closely associated with the administration of foreign assistance programs.

Title XII, enacted as part of the International Development and Food Assistance Act of 1975, mandated the creation of the Board For International Food And Agricultural Development (BIFAD), to be appointed by the President. The Board was to advise the President and the Congress on foreign assistance programs in food and nutrition. Of interest, forestry and management of the natural resource base were not part of the Title XII advisory functions.

Since Title XII was not administered by USDA, BIFAD had relatively little success in capturing the support base of the USDA/Land grant college and university system in efforts to secure additional congressional support for international institution-building activities featuring linkages to domestic programs of research, instruction and extension. Nor were A.I.D./Washington or the USAID

missions willing to establish mechanisms to share decisions related to financial resources with BIFAD or with universities. A.I.D. project management handbook guidelines give little more than token support to the concept of collaborative project identification, design and evaluation. Consequently, few A.I.D. programs were intentionally structured to provide a substantial degree of mutual interest and benefit to the participating institutions, agencies and agribusinesses.

BIFAD was relatively more successful in garnering support for the continuation of A.I.D. central bureau funding of agricultural research programs. The A.I.D. international agricultural research program has historically been seen as important to famine prevention and the scientific information generated has proven to be of "mutual interest and benefit" to both the collaborating U.S. institutions and their clients. However, to stretch available Development Assistance funding, A.I.D began to progressively require participating entities to provide a greater share of the direct and indirect cost of their participation in all collaborative research programs.

As the number of A.I.D. direct hire staff with professional qualifications in agriculture and rural development have declined, Universities and USDA agencies have become relatively more important to A.I.D. as a source of professional services to plan and administer assistance programs. University resources have been accessed by A.I.D. for professional and managerial positions under the provisions of the Inter-government Personnel Act (IPA's) and for project support under various types of contracts, grants and cooperative agreements. USDA resources have been accessed for professional services under Resources Services Support Agreements (RSSA) and for project support under Participating Agency Support Agreements (PASA).

ANNEX II. USDA'S INTERNATIONAL AGRICULTURE PROGRAMS.

The Report of the Task Force, after noting the significantly different goals and objectives of USDA's international agricultural programs and those of A.I.D., indicates that the programs are complementary and that both deserve to be strengthened and expanded.

First, USDA's international programs are normally carried out under the terms of cooperative agreements negotiated between the Department and the sister ministries and agencies of the respective collaborating countries. To be funded by USDA, cooperative activities must be deemed to be of "mutual interest and benefit" to U.S. agriculture. The international programs administered by OICD, FAS, APHIS, the Forest Service, and ARS all are required to meet this criterion.

Second, USDA international programs are, with few exceptions, carried out in close collaboration with; a) U.S. and foreign universities, b) international and regional agricultural organizations and, c) U.S. private sector firms and farm organizations and those of the collaborating countries.

One example of the USDA approach noted in the Report are the international programs of the USDA's Animal and Plant Health Inspection Service (APHIS) and Agricultural Research Service (ARS). The basic mission of APHIS is to protect the United States from foreign plant and animal pests and diseases. It also regulates the interstate movement of livestock and commodities to prevent the spread of quarantined organisms. The Agricultural Research Service (ARS), the research arm of USDA, contributes to APHIS domestic and international programs by carrying out basic and applied research related to the development of disease and pest detection, diagnosis, and control/suppression technologies.

APHIS's approximately 125 foreign service field staff are in continuous contact with counterpart staff in host countries and international organizations throughout the world regarding the local and regional disease and pest situation. This activity is undertaken to provide early identification of situations which could pose a threat to U.S. producers should the disease or pest gain entry into the United States or spread to neighboring countries. As part of this function, APHIS field staff provide advice and support to counterpart agencies on surveillance and control procedures necessary to detect, control, and if appropriate, eradicate such problems.

Where such problems pose a clear and direct threat to the United States, USDA may enter into collaborative agreements with participating governments and share the cost of local control and eradication activities. The highly regarded Screwworm and Foot and Mouth Disease programs in Mexico and Central America are examples of such collaboration and joint funding by the host government and USDA.

A.I.D. missions and USDA agencies have a history of successful cooperation in various areas related to agricultural production and trade enhancement including pre-clearance of agricultural commodities for export to the United States, design and operation of quarantine facilities, protection of animal health, pest surveys, pest management, and the development of quarantine treatments.

USDA agencies have identified numerous other examples and opportunities to improve collaboration between USDA agencies and A.I.D. in the implementation of U.S. programs of a) trade enhancement, b) agricultural research, c) natural resource conservation and management, d) economic research, e) agricultural

data and information services, e) public land use management and, f) other disciplines related to sustainable agricultural production and marketing.

ANNEX III. CURRENT AMENDMENTS TO PUBLIC LAW 480: THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954.

The Agricultural Trade Development and Assistance Act of 1954 as amended, (PL 480) predates passage of the Foreign Assistance Act by some seven years. The United States, as the world's largest exporter of food grains, has remained the largest single food aid donor. In recent years, appropriations for PL 480 have averaged approximately $1.5 billion per year with programs extended to some 70 low income countries.

As PL 480 is part of the Farm Bill, USDA shares responsibility for its implementation with A.I.D. Safeguards were built into the Act by Congress and the Administration to assure that to the greatest extent practical, either the commodities themselves or the proceeds from sales in local markets are used to alleviate hunger and enhance local food security.

Numerous changes were made in PL 480 authorities by passage of the 1990 Farm Bill. In brief, Title II was changed only in detail and Title II will remain the primary vehicle for U.S. humanitarian food assistance. However, significant changes were made in Titles I and III authorities which were intended to improve program effectiveness.

Title I remains primarily a concessional sales program with implementation responsibilities assigned to the Secretary of Agriculture. The FAS agricultural attache service is responsible for its implementation in the field. The projected funding level is about $400 million per year or about 25 percent of the total. Priority will be given to developing countries that have demonstrated a potential to become commercial markets for competitively priced U.S. agricultural commodities.

Congress also revised Title I provisions related to sales for local currencies. The Secretary may authorize the use of foreign currency receipts for a variety of USDA international programs and activities including:

1. programs to develop markets for U.S. agricultural commodities;

2. the establishment and expansion of institutions for basic and applied agricultural research, and the use of such research through development of extension services;

3. programs to control rodents, insects, weeds, and other animal and plant pests;

4. loans to domestic or foreign entities (including cooperatives) for establishment of facilities aiding in the

utilization, distribution, and consumption of U.S. agricultural products;

5. private sector agricultural trade development activities in the recipient country; and

6. research in agriculture, forestry and aquaculture, including collaborative research which is mutually beneficial to the United States and the recipient country.

It is anticipated that most countries negotiating agreements with USDA for Title I concessional loans will be those that have achieved a substantial degree of institutional development, and offer the greatest opportunity to identify programs of mutual interest and benefit to U.S. agriculture.

Title III, a new grant program, also to be funded at roughly $400 million per year, will be administered by A.I.D. Priority is to be given to countries with less than $580 per capita income per year. All commodities are to be provided on a grant basis.

Title III commodities may be used either for direct feeding programs, the development of emergency food reserves, or may be sold with the proceeds used in accordance with an agreement entered into between the recipient country and the Administrator. While the proceeds from Title III sales are the property of the recipient government, the agreement may stipulate those programs to receive allocation of local currencies.

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ANNEX IV. LIST OF TASK FORCE AND ADVISORY COMMITTEE MEMBERS

TASK FORCE ON DEVELOPMENT ASSISTANCE & COOPERATION

G. Edward Schuh, Dean, Hubert Humphrey Institute of Public Affairs, University of Minnesota (Task Force Chairman)

Susanna Hecht, Professor, Graduate School of Architecture and Urban Planning, University of California Los Angeles

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Uma Lele, Professor, Department of Food and Resource Economics, University of Florida

John W. Mellor, Senior Fellow, (On Leave) International Food Policy Research Institute

Donald Plucknett, Scientific Advisor, Consultative Group on International Agricultural Research, The World Bank

TASK FORCE STAFF DIRECTOR

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William E. Lavery, Chancellor, Extension Administration, Virginia Polytechnic Institute State University

Bradshaw Langmaid, Deputy Assistant Administrator, Bureau for Science & Technology, A.I.D.

Charles Hess, Assistant Secretary, U.S. Department of Agriculture

Duane Acker, Administrator, Office of International Cooperation & Development, USDA

Walter Coward, Director of Rural Poverty and Resoruces Program, The Ford Foundation

Dan Martin, Director, World Environment and Resources Program, MacArthur Foundation

Joyce Lewinger Moock, Associate Vice President, The Rockefeller Foundation

Robert D. Havener, President, Winrock International

Ambassador Robert Blake, Senior Fellow, World Resources Institute

The Honorable Orville Freeman, Popham Haik Ltd.

William Pearce, Senior Vice President, Cargill, Incorporated

James Sanford, Home Place Farms Incorporated

Max Lennon, President, Clemson University

The Honorable Terry Sanford, United States Senate

The Honorable Doug Bereuter, U.S. House of Representatives

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